



Tennessee State Board of Accountancy
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MINUTES

TENNESSEE STATE BOARD OF ACCOUNTANCY TELEPHONIC MEETING

April 26, 2006

The meeting of the Tennessee State Board of Accountancy convened via telephonic conference in the Davy Crockett Tower, Nashville, Tennessee on April 26, 2006 at 9:00 am.

Members present via telephone were Doug Warren, Chairman; Bill Underwood; Vic Alexander; Al Creswell; Joseph Buffler; Charles Grant and Robert Davidson.

Present at the physical location of the Davy Crockett Tower was Linda Biek, Executive Director; Mark H. Crocker, Board Investigator; Stacey Grooms, Staff Counsel; Allison Cleaves, Chief Counsel; Leona Johnson, Administrative Assistant III and Paul D. Krivacka, Attorney for the respondent.

Linda Biek welcomed everyone online and at the physical sight.

Doug Warren called the meeting to order.

Linda Biek called roll of the phone members Charles Grant, Vic Alexander, Bill Underwood, Doug Warren, Al Creswell and Joseph Buffler verifying a quorum was present. Robert Davidson was also present via phone; however he recused his self from voting on this matter.

Ms. Grooms welcomed everyone and thanked them for their attendance. She announced the members present at the physical locations as Mark Crocker, Linda Biek, Paul Krivacka, Leona Johnson, Alison Cleaves and herself. Ms. Grooms read the statement of necessity as follows for the record. This teleconference meeting is required in order for the Board to consider a settlement offered by the Respondent, Paul Adams, Jr., in response to the Notice of Hearing and Charges filed by the Board. The contested case is scheduled to be heard by the Board at its next regularly scheduled meeting on April 28, 2006. It was imperative to call this meeting at such short notice and to have the Board appear by teleconference to consider the settlement offer, since the Board will not meet again prior to the April 28, 2006 hearing date.

For the point of review, Ms. Grooms read the summary of charges as follows. The State has filed a Notice of Hearing and Charges against Paul Adams, Jr., individually and as owner of his firm. The Charges involve twenty eight workpaper files which were obtained from Respondent's office during an investigation requested by this Board. The twenty eight engagements included in the Charges all involve attest services, wherein Respondent performed reviews for clients in the construction industry. Respondent failed to document the analytical procedures and inquiries, failed to include adequate disclosures, failed to inquire as to clients' procedures for valuation of assets/liability, used incorrect terminology, issued financial statements without signed representation letters, failed to utilize a written review program, and failed to maintain copies of workpapers and work product as required. Some engagements reflected specific violations: a failure to justify the discrepancy between the reconciled balance sheet and the cash on the balance sheet as reported, posting of an adjustment entry without supporting documentation, failure to justify utilization of amounts differing from amounts listed on clients' documentation, failure to utilize a depreciation schedule, reported assets at fair market value and failed to utilize the most recent bank statement. The Charges also include the violation of listing Respondent business as "Paul Adams & Associates, CPA" at such time that Respondent had no other

associates working for his firm. Respondent was licensed as a CPA in 1991 and received his firm permit in 1994. Respondent has had no prior discipline by the Board.

Ms. Grooms then explained the settlement offer (attached) brought to the Board is a full revocation of the respondents CPA license and firm permit. It also states that the respondent will provide to the State the names and addresses to whom he has provided attest services in the last twelve (12) months. The Board will be allowed to notify other states of the action taken by Tennessee. Ms. Grooms pointed out that revocation in an agreed order allows/requires the respondent to waive any rights to an appeal. Ms. Grooms further informed that Board Members that Mr. Krivacka has a faxed copy of the agreed order signed by the Respondent and will have the original in our office by Friday for the Board Chair to sign during Friday's Board Meeting if the Board chooses to accept this order.

Doug Warren asked if there were no objections, for the Board Members to go into discussion to lead to a motion of action.

DISCUSSION:

Joseph Buffler: Is the revocation of his CPA and Firm permit indefinitely? What other action can we take in excess of that if it goes to a hearing? This sounds like the max.

Stacey Grooms: It is the maximum discipline to his license. There still is the possibility of civil penalties.

Al Creswell: Does he have the ability to get his license back?

Stacey Grooms: Per Rule, he can apply to get his license back. He would have to come before the Board at that time. It does not guarantee he can get his license back. The Board sitting at that time will decide.

Bill Underwood: Can he do that at any given time? Is there a waiting period?

Stacey Grooms: There is no waiting period in the Rule. The Rule requires all the facts to be brought back before the current board at the time of application in order to get his CPA certificate back.

Joseph Buffler: This sounds like what we are after.

Bill Underwood: I make a motion that we accept this settlement offer if there are no other questions.

Joseph Buffler: Can you re-read the settlement offer please?

Stacey Grooms: The Respondent agrees to the immediate revocation of his certified public accountants license and his firm permit. Respondent will provide a list of all clients (with addresses) to whom Respondent has provided attest services during the past twelve (12) months with the understanding that the Board will notify those clients of the revocations. We have a faxed signed copy here today and will have the original by Friday.

Joseph Buffler: I second the motion.

Doug Warren: Any other questions? Will the last twelve (12) months include all 28 engagements?

Stacey Grooms: Not all, some fall outside of the twelve (12) months.

Linda Biek: Yes, if the clients were within the twelve (12) months they will be notified.

Bill Underwood: Does the Tennessee State Board of Licensing Contractors get this information?

Stacey Grooms: They will get the disciplinary actions, but no names of the clients will be given.

Doug Warren: Any questions? If not, they we need to roll call vote.

Linda Biek: Charles Grant – Yes, Vic Alexander – Yes, Bill Underwood – Yes, Doug Warren – Yes, Al Creswell – Yes, Joseph Buffler – Yes, and Robert Davidson – Abstained.

Doug Warren: The motion passed and the meeting is adjourned.

Approved by: _____

CHAIRMAN

SECRETARY